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WEST GERMANY CLASHES WITH ARAB WORLD

Chancellor Erhard's surprise announcement of 7 March that West Germany would seek diplomatic relations with Israel apparently was motivated by a desire to deliver as sharp a rebuff as possible to Nasir without taking the prime responsibility for a rupture of relations with Cairo. The other elements of Bonn's decision--no new economic assistance to Egypt and reaffirmation of the offer to recompense Israel for the undelivered portion of the terminated arms deal--were also a slap at Nasir intended to assuage outrage within West Germany over the adverse chain of events in the Middle East.

West Germans of all political persuasions tended to view Nasir's friendly reception of Ulbricht and the subsequent announcement that an Egyptian consulate general would soon be opened in East Berlin as just cause for an outright diplomatic break with Cairo. This course of action, championed by ex-Chancellor Adenauer and ex-Defense Minister Strauss, was evidently favored by Erhard himself, while Foreign Minister Schroeder risked the chancellor's displeasure by advocating a response limited to the termination of economic assistance. When two days of cabinet consideration failed to produce a consensus, Erhard evidently took the reins and made the 7 March decision, reportedly with Schroeder's concurrence.

In West Germany, the decision was greeted with general satisfaction, although the charge continued to echo that the chancellor had been timid and indecisive in facing up to Nasir's challenge. In making his move, Erhard apparently was willing to gamble that Nasir would not recognize East Germany, or if he did, would not be able to influence the bulk of the Arab states to do likewise.

Kurt Birrenbach, the special West German emissary who arrived in Israel on 7 March, apparently has discovered that Tel Aviv is definitely inclined to accept Bonn's offer of diplomatic relations. Birrenbach may have told the Israelis, however, that there can be no resumption of the suspended arms deliveries.

The Israelis will continue to press for fulfillment of the arms commitment, but further negotiations on the issue probably will be deferred until after diplomatic relations are established. Israel probably is urging Bonn to put its embassy in Jerusalem, a step which would reinforce Israel's claim to the city as its capital. UN resolutions of 1947 and 1949, which are still an issue, recommended that the city and its environs be under an international administration and, as a result, the US Embassy and most others are in Tel Aviv.

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Erhard's announcement was made, fortuitously, shortly before Nasir delivered a series of speeches in his current presidential "campaign." Initially, Nasir temporized, but oratorically developed the violent Arab themes on Israel and pointed to the action of the Kuwait legislature, which recommended severing economic and diplomatic relations with West Germany, as an example for other Arabs. An Arab League session in Cairo on 9 March followed this lead, but evidently not without considerable argument, particularly from oil-producing states who reportedly resisted a resolution that they cease "cooperating" with Western powers if aid to Israel continues.

As of the end of this week, the over-all official Arab position is that all Arab ambassadors have been recalled from Bonn, that recognition of East Germany may follow Bonn's recognition of Israel, that various other measures are under consideration, and that some may be announced after the Arab League foreign ministers' conference, which is to convene in Cairo on 14 March. In addition, King Hassan of Morocco has canceled an official visit he was to make to West Germany, although the Moroccan foreign minister has indicated that his government wants to reschedule the tour once the present furor has died down. (CONFIDENTIAL)

AUSTRIAN PRESIDENTIAL ELECTION MAY STRAIN COALITION

The campaign for election of a successor to President Schaerf on 23 May may be marked by an upsurge of political hard feeling. Although Austria's two major political parties--Schaerf's Socialists and the Catholic People's Party of Chancellor Klaus--are partners in the coalition government that has ruled Austria for twenty years, animosity between them has increased since the end of the Allied occupation in 1955.

The People's Party on 9 March nominated former Chancellor Alfons Gorbach as its candidate. The 66-year-old Gorbach is well known throughout Austria and has support in the provinces although he appears weak in Vienna.

The Socialist Party seems inclined to nominate Vienna Mayor Franz Jonas. Jonas, 65, has been an active Socialist leader for more than 40 years and was twice arrested as a member of his party's underground when it was outlawed during the 1930s.

The Socialists have held the presidency and the People's Party has dominated the chancellorship since 1945, and the Socialist Party is again favored to capture the presidency. The partisan campaigning which accompanied the last presidential election in 1963 was heated and put considerable strain on the coalition. (CONFIDENTIAL)

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